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## **SENATE, HOUSE LEADERS INTRODUCE SGR REPLACEMENT BILL**

*Bipartisan, Bicameral Proposal Ends the Cycle of Annual 'Doc Fix' Crises, Shifting Medicare to Reward Quality, Efficiency and Innovation*

**WASHINGTON** – Senate Finance Committee Chairman Max Baucus (D-Mont.), Senate Finance Committee Ranking Member Orrin Hatch (R-Utah), House Ways and Means Committee Chairman Dave Camp (R-Mich.), House Ways and Means Committee Ranking Member Sander Levin (D-Mich.), House Energy and Commerce Committee Chairman Fred Upton (R-Mich.) and House Energy and Commerce Committee Ranking Member Henry A. Waxman (D-Calif.) today introduced a bipartisan, bicameral bill that would replace the broken Medicare Sustainable Growth Rate (SGR) formula with an improved payment system that rewards quality, efficiency and innovation. The bill merges the proposals passed overwhelmingly by each committee of jurisdiction last year.

**“Congress has spent a decade lurching from one ‘doc fix’ to the next, creating a new, unnecessary threat to seniors’ care each time. Enough is enough. This proposal would bring that cycle to an end and fix the broken system. Our bill makes Medicare’s physician payments more modern and efficient, and it will protect seniors’ access to their doctors,”** Senator Baucus said. **“This bill is the product of years of hard work, and I hope Congress comes together to pass it.”**

**“For far too long, the doc fix has been annual ritual for Congress. It’s time to put that ritual to an end so the millions of seniors who rely on Medicare have greater security and greater access to their doctors,”** Senator Hatch said. **“I’m proud of this legislation. It not only fully repeals the broken sustainable growth rate formula, but puts in place real reforms that move Medicare away from a fee-for-service model that promotes greater spending to one that encourages better results. The next step is bringing this bill across the finish line and I’m confident we can do that given how far we’ve come working together in a bipartisan basis.”**

**“We are taking action today because of the hard work of Members who, in a bipartisan effort, worked to find a solution,”** Chairman Camp said. **“We have a real opportunity to repeal the SGR once and for all to provide seniors, and the doctors who care for them, some much-needed certainty. This legislation today provides stability for physicians so they will no longer face the uncertainty of massive cuts, but also begins the process of improving how we pay for medical care to focus on positive results for seniors. The time to act is now and provide a permanent solution for the Medicare program millions of seniors rely on.”**

**“This is a significant step forward in our long-standing effort to replace the flawed physician update formula with a 21<sup>st</sup> century system focused on quality and value rather than the quantity of services,”** said Rep. Levin. **“For the first time in many years, we have agreement among the bipartisan leadership of the three Committees that oversee Medicare. Now, we have to turn to the thorny issue of offsets. I look forward to working with my colleagues and incoming Finance Chairman Ron Wyden to send a complete package to the President’s desk before March 31.”**

**“This agreement marks another important milestone in the effort to repeal and replace the flawed SGR formula and provide peace of mind to our seniors that they will continue to have access to the highest quality of care,”** said House Energy and Commerce Committee Chairman Fred Upton. **“Much work remains to create a system that can finally provide certainty to seniors and their doctors. I look forward to building upon this progress and continuing the momentum until this is across the finish line.”**

**“I am pleased we were able to reach a bipartisan agreement that replaces the current Medicare physician payment formula with a quality and value driven approach, and have agreed that there will be a parallel five year extension of the QI program that assists beneficiaries with their Medicare premiums,”** Rep Waxman said. **“We still must wrestle with the difficult question of offsets and protecting the most vulnerable seniors from increased out-of-pocket costs, and I look forward to continuing our work together, along with incoming Chairman Wyden. I commend Chairman Baucus on his efforts during his distinguished career in Congress, and I am pleased he could join with us today.”**

### **Summary of the SGR Problem**

The Sustainable Growth Rate (SGR) formula – the mechanism that ties physician payment updates to the relationship between overall fee schedule spending and growth in gross domestic product (GDP) – is fundamentally broken. Although originally introduced as a mechanism to contain the growth in spending on physician services, a decade of short-term “patches” has frustrated providers, threatened access for beneficiaries, and created a budgetary dilemma from which Congress has struggled to emerge. Over the last decade, Congress has spent nearly \$150 billion on short-term SGR overrides to prevent pending cuts.

The 113<sup>th</sup> Congress has brought renewed commitment to repealing and replacing the flawed SGR update mechanism. This effort has been helped by the significantly reduced Congressional Budget Office score for a freeze of physician payments over the next ten years and bipartisan proposals reported out by all three committees of jurisdiction last year. Building on that effort, the bipartisan, bicameral legislation introduced today joins the three committee-approved bills, moving Medicare away from the current volume-based payment system to one that rewards quality, efficiency and innovation.

### **Summary of the Bipartisan, Bicameral Legislation**

The proposal would:

- Repeal the SGR and end the annual threat to seniors’ care, while instituting a 0.5 percent payment update for five years.
- Improve the fee-for-service system by streamlining Medicare’s existing web of quality programs into one value-based performance program. It increases payment accuracy and encourages physicians to adopt proven practices.
- Incentivize movement to alternative payment models to encourage doctors and providers to focus more on coordination and prevention to improve quality and reduce costs.
- Make Medicare more transparent by giving patients more access to information and supplying doctors with data they can use to improve care.

A more detailed summary is available [here](#).

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